



**U.S. SAVINGS BONDS**   
*Paying Better Than Ever*

SBD 1827

# INTEREST IN SAVINGS BONDS IS UP.

What To Tell Your Friends And Co-Workers



**U.S. SAVINGS BONDS**  Paying Better Than Ever



## YOU'RE THE KEY TO A SUCCESSFUL CAMPAIGN.

The most important part of the Payroll Savings Campaign is contacting each employee personally. That's why your role as a canvasser is such a crucial one.

Help your friends and co-workers discover the good news: U.S. Savings Bonds are better than ever! Offering high variable interest rates like money markets, Savings Bonds are a vastly improved savings opportunity. That's the kind of news that everyone will appreciate.

This guide will help you tell your co-workers about all that Savings Bonds have to offer—and how easy it is to get into the savings habit through the Payroll Savings Plan.

The more you know about Savings Bonds and the Payroll Savings Plan, the easier it will be for you to help your co-workers have all the good things that can be gained by saving.

Be enthusiastic! Don't feel that you will be asking your co-workers to do

something that costs them money. The fact is, you're helping them *make money*, and strengthen our country's economy at the same time.

When your co-workers understand this, you'll find that selling them on the idea of Payroll Savings is a breeze.

### HOW TO SELL YOUR CO-WORKERS ON PAYROLL SAVINGS.

- Learn all about Savings Bonds. This is important because Bonds have changed. They offer many features people aren't aware of.
- Contact each co-worker on your list personally. Emphasize Savings Bonds' high variable interest rates ("like the money markets"), the way Bonds provide opportunity without risk, and tax advantages, too.
- Answer any questions your co-worker might have. You'll find most of the answers right here...or ask your campaign chairperson.





## HERE'S WHY SAVINGS BONDS ARE A BETTER INVESTMENT.

Many of your co-workers may not be aware of it, but U.S. Savings Bonds have changed. Here are the major benefits that Bonds now offer:

- **High Market Interest Rates**

Instead of the old fixed rates, Bonds now pay variable rates—like the money markets. So there's no limit to how much interest Savings Bonds can earn. Since the variable interest rate went into effect in 1982, Bond rates have averaged almost 10%! Interest rates change twice a year, on May 1 and November 1. To earn the variable interest rate, you must hold your Savings Bonds for five years.

- **Guaranteed Minimum Return**

In addition to high variable rates, Savings Bonds offer the protection of a guaranteed return. This means that you can earn much more than the guaranteed minimum of  $7\frac{1}{2}\%$ , but never less. That way, if rates in the financial market drop, Savings Bonds holders are protected. By holding Savings Bonds for five years, you automatically get at least this guaranteed return.

- **Important Income Tax Savings**

Interest earned on U.S. Savings Bonds is exempt from state and local income taxes. Also, Federal tax on interest earned can be deferred until Savings Bonds are actually cashed in. If you're saving for a child's education, you can purchase Bonds in your child's name for additional tax savings. Bonds can also provide tax savings if held until retirement, since you'll probably be in a lower tax bracket then.

- **Complete Safety**

Backed in full by the United States of America, Savings Bonds are a completely safe investment. Bonds are registered securities that are easily replaced if lost, stolen or destroyed.



- **A Liquid Investment**

Unlike many investments that require a longer commitment of funds, Savings Bonds can be cashed in anytime after six months.

### SHOW YOUR CO-WORKERS HOW EASY IT IS TO SAVE.

The Payroll Savings Plan is a great way to save. Here's why:

- **Payroll Savings is convenient.**

Payroll Savings makes it easy for you to start saving. You can take care of the details right where you work.

- **Payroll Savings is automatic.**

You enroll in Payroll Savings by authorizing your employer to set aside a specific amount each payday to buy Bonds. Your Bonds are delivered to you as soon as the purchase price is accumulated.

- **Payroll Savings is affordable.**

You decide how much money you want to have set aside each payday, as well as the denomination of Bonds you want to buy.

Savings Bonds are available in these denominations: \$50, \$75, \$100, \$200, \$500, \$1,000, \$5,000 and \$10,000. The

purchase price of each Bond is one-half of its face value. You can enroll in Payroll Savings for just a few dollars each payday and increase your allotment whenever you choose.

- **Payroll Savings is flexible.**

You can change the amount that you set aside, the names inscribed on your Bonds and the denominations of your Bonds anytime. Just fill out a new authorization card.

### QUICK ANSWERS TO COMMON QUESTIONS.

You may find that your co-workers have a few questions about Bonds. After all, U.S. Savings Bonds are a lot better than they used to be. To help you, we've prepared some answers to questions commonly asked about Bonds—

## **Why should I sign up for Payroll Savings?**

To build a safe, secure cash reserve that's guaranteed to grow—for education, for retirement, for the "better things in life," or to meet unforeseen emergencies. And there's no easier way to start saving than through the Payroll Savings Plan.

## **Can I put my spouse's name on my Bonds as a beneficiary?**

Yes. You can name anyone you like as a beneficiary. Another option is to name a co-owner. The co-owner has immediate, equal access to your Bonds. A beneficiary may cash the Bonds or have them reissued only after the death of the owner. Otherwise, if no beneficiary or co-owner is indicated, the Bonds will go to your estate.

## **Can I change the name(s) I put on my Payroll Savings authorization card?**

Yes. Simply fill out a new card.

## **I'm interested in buying Savings Bonds to save for my child's college education. What's the best way to do this?**

Start now! If you begin saving just \$25 a month at your child's birth, and



the variable interest rate averages 10% over the life of your Bonds, your child will have \$14,358 at age 18.

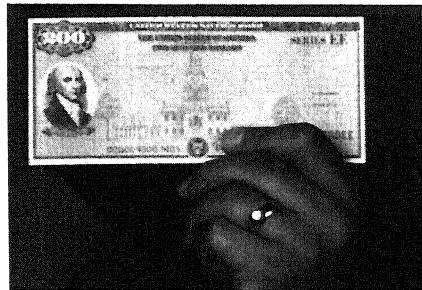
Saving this way can provide certain tax advantages. Your child may not have to pay Federal income tax on the accrued interest that his or her Savings Bonds earn. Here's how it works:

Purchase the Savings Bonds in your child's name (be sure to get a Social Security number for him or her) and have yourself listed as the beneficiary.

At the end of the first year, file a Federal income tax return in your child's name including as income the Series EE Bond interest earned for that year. Filing the return is an election under the tax law. Once this election is made, no further returns need be filed (or tax paid) unless your child has unearned income (e.g., interest) exceeding \$1,040. (If your child has earned income, a return may be required depending upon the amount and character of the income.)

## **How can I use Savings Bonds to provide income after I retire?**

First of all, you can defer paying Federal income tax on the interest you earn on Savings Bonds until they're



redeemed. By redeeming your Bonds after you retire, the tax impact will be much less because you'll probably be in a lower income bracket. Plus, you can take a double exemption for yourself when you become 65.

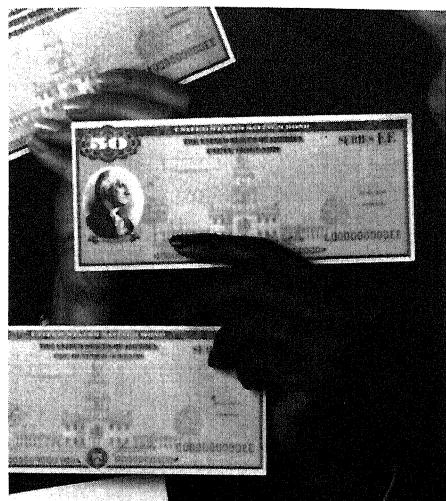
Another option is to exchange your Savings Bonds for HH Bonds, which pay interest semiannually by Treasury check. All the interest you've accumulated on your Savings Bonds can be applied to the purchase of the HH Bonds, while you continue deferring the tax on the interest until the HH Bonds are cashed or reach maturity.

#### If I change jobs, what happens to my Payroll Savings?

No problem. The Bonds you've purchased are yours. In addition, any amount in your Payroll Savings account for the purchase of additional Bonds will be refunded to you by your employer.

#### Since Savings Bond interest rates change every six months, how can I find out the current rate that Bonds are earning?

It's easy. Just call the toll-free Bondline: 1-800-US-BONDS. In Washington, DC call USA-8888.



#### What happens if my Savings Bonds are lost or stolen?

Since Bonds are registered securities, replacing them is easy. If lost, stolen, mutilated or destroyed, Bonds will be replaced free of charge and bear the original issue dates.

Requests for replacements should be sent to the Bureau of the Public Debt, Parkersburg, WV 26106-1328. You should include as much information as possible about the Bonds you want replaced, including your Social Security number.

#### The Savings Bonds that I've been seeing on posters and other materials don't look like the Savings Bonds I know. Why?

U.S. Savings Bonds have a new look! Savings Bonds have been redesigned to make the issuing and processing of Bonds more economical—while improving service to you.

The new Bond features a multi-colored scene of Independence Hall. But while the face of Bonds has changed, *nothing else has*. The denominations, the variable rates, the guaranteed return—all are the same as before.

#### How long do I have to hold my Savings Bonds before I can cash them in?

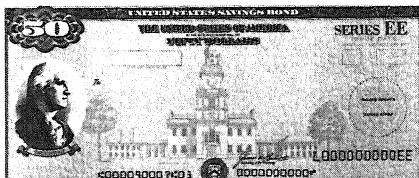
Six months.

#### Where can I cash in my Savings Bonds?

Most commercial banks and other financial institutions will redeem Bonds as long as you have proper identification.

## HERE'S HOW SAVINGS BONDS CAN ADD UP FOR YOUR CO-WORKERS.

Some allotment options employees may select  
in planning their Payroll Savings Program.



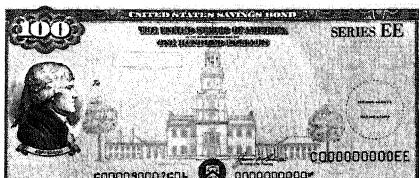
### \$50 Bonds—You pay only \$25

\$5.00 for 5 pay periods  
\$6.25 for 4 pay periods  
\$12.50 for 2 pay periods  
\$25.00 for 1 pay period



### \$75 Bonds—You pay only \$37.50

\$3.75 for 10 pay periods  
\$7.50 for 5 pay periods  
\$18.75 for 2 pay periods  
\$37.50 for 1 pay period



### \$100 Bonds—You pay only \$50

\$10.00 for 5 pay periods  
\$50.00 for 1 pay period



### \$200 Bonds—You pay only \$100

\$20.00 for 5 pay periods  
\$100.00 for 1 pay period

## See how your Payroll Savings can grow!

Save Every Two Weeks	At 7.5%		At 10%	
	5 Years	10 Years	5 Years	10 Years
\$ 5.00	\$ 764.76	\$ 1,883.00	\$ 764.76	\$ 2,101.76
\$12.50	\$1,920.00	\$ 4,727.96	\$1,924.60	\$ 5,286.86
\$25.00	\$3,846.04	\$ 9,469.92	\$3,859.84	\$10,597.26
\$50.00	\$7,692.08	\$18,939.84	\$7,719.68	\$21,194.52

Save Every Month	At 7.5%		At 10%	
	5 Years	10 Years	5 Years	10 Years
\$ 5.00	\$ 347.76	\$ 859.16	\$ 347.76	\$ 957.40
\$12.50	\$ 874.52	\$2,161.04	\$ 874.52	\$2,411.42
\$25.00	\$1,759.34	\$4,348.46	\$1,763.94	\$4,863.34
\$50.00	\$3,518.68	\$8,696.92	\$3,527.88	\$9,726.68

Sample allotments only. Many payroll systems allow you to choose your own allotments.

# HERE'S HOW TO FILL OUT THE AUTHORIZATION CARD.

Employee shows amount of allotment for Bonds each payday	Employee fills in date for Bond savings to start—usually the first day of next pay period	Owner's Social Security Number must be furnished
<small>U.S. Savings Bonds Payroll Authorization</small>		

**John A. Smith**

(Imprint or type employee's name here)

**Production**

(Dept. or Section)

**A 2705**

(Check or Harbor Number)

I hereby authorize my employer **ABC Company** (Name of company or organization) to withhold and set apart \$**5.00** from my pay each payday, beginning **June 1**, 19**85**.

To withhold and set apart \$**5.00** from my pay each payday, beginning **June 1**, 19**85**.

I wish to purchase U.S. Savings Bonds - Series EE in the indicated denomination of **\$100.**

Have Bonds issued registered as shown below

**OWNER**

**John Allen Smith**

(First) (Middle) (Last)

**123-45-6789**

(Social Security No. See NOTE)

**Address** **6137 Broadway Street**

(Street)

**Baltimore, Maryland**

(City) (State)

**21207**

(Zip)

**CO-OWNER**  OR BENEFICIARY  (Check only one if other is desired.)

**Mary Louise Smith**

(First) (Middle) (Last)

**213-45-7896**

(Social Security No.)

This authorization will continue in effect until I advise you to change or cancel it.

**John A. Smith**

(Signature of employee/purchaser)

**SSB-1433**

Employee inserts current date and signs in own handwriting

Employee prints name, Social Security Number and address as it is to appear on each Bond

Employee shows denomination of Bonds desired

Social Security Number of co-owner or beneficiary, if known, should be furnished

Three forms of registration:

- Single Owner
- Co-owner
- Owner with beneficiary

No more than two names are permitted.

## MORE FACTS ABOUT SAVINGS BONDS.

**Savings Bonds Defined.** Series EE Bonds are accrual-type registered securities. This means that interest is paid when the Bond is cashed.

**Variable Interest Rates.** Since 1982, all Series EE Savings Bonds held for at least five years receive variable interest rates. Here's how the variable rate is determined. Twice a year—every May 1 and November 1—the Department of the Treasury determines the new interest rate for the next six months. This rate is 85 percent of the average market yield during the preceding six months on 5-year Treasury marketable securities. Savings Bonds held less than five years earn interest on a fixed, increasing scale.

**Rates On Bonds Issued Before November, 1982.** All Series E and EE Bonds and Freedom Shares that have not reached final maturity will get

the variable rate if held until the semi-annual interest date on or after November 1, 1987. Bonds redeemed or reaching final maturity before that date will receive their current guaranteed rates. If the guaranteed rate on a Bond is higher than the eventual variable rate, you'll receive the higher rate.

**Tax Details.** Interest earned on Savings Bonds is not subject to state and local income taxes. Federal income tax may be paid currently or deferred until Bonds are cashed or reach final maturity, whichever comes first. Savings Bonds are subject to both state and federal estate, inheritance and gift taxes where they apply.

For other information about Bonds, please contact:

**Bureau of the Public Debt  
Parkersburg, WV 26106-1328  
(304) 420-6112**





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DEPOSIT

SBD 1827

